

State/Cnty INTERIM ADJUSTMENT OF BASE STUMPAGE RATES

**APPRAISAL RATES HIGHER THAN THOSE LISTED IN THIS CHAPTER MAY BE USED WITHOUT PRIOR APPROVAL** when reliable local timber sale data is available. The new higher rate normally will be used for the remainder of the year. Notice of such an increase must be sent through channels to the Bureau of Forestry.

Stumpage schedule for a species or product may be reduced upon written approval of the regional director. Only conditions that cannot be anticipated when the stumpage rate schedule is established should be used in changing the schedule. Qualifications for changing the stumpage schedule might include, but not be limited to, a dramatic fall in the market value of a species or product or a catastrophic occurrence such as fire, wind, hail, disease or insect damage which alters the market value of some sales.

Interim changes in the annual stumpage rate based upon a significant change in the market value should be justified and calculated through the use of the following formula:

$$S^2 = \frac{S^1 \times P^2}{P^1} \quad \text{where}$$

$S^2$  = standard value to be used in current appraisal (new base rate)

$S^1$  = annually determined standard stumpage value (old base rate)

$P^1$  = price of wood on car or at mill at time of determination (issuance) of standard stumpage rate

$P^2$  = price of wood at same market ( $P^1$ ) at time of interim appraisal

$P^1$  and  $P^2$  can be determined on DNR administrative area or procurement area basis of customary markets. If desirable, more than one market can and frequently should be used by averaging to determine local market value. The same market base must be used in determining both  $P^1$  and  $P^2$ . A sheet showing a summary of interim adjustment calculations must be submitted with the stumpage appraisal at time of the "A" notice.

When approval of a reduction in the base rate has been granted, the new rate normally will be used for the remainder of the year on all sales for the respective county or property. A copy of such amendments must be sent to the Bureau of Forestry through channels.